

Appendix B

OWNERSHIP AND CONTROL SHARES IN PROGRAM SERVICES

Appendix B

Ownership and Control Shares in Program Services

The MHHI has a convenient aggregation property that facilitates the numerical calculation of the index for industries with many firms (or products). Specifically, if two or more firms have the same ownership and control structure, then those firms can be aggregated and treated as a single firm for the purpose of calculating the MHHI. The present appendix identifies the video program services that have the same ownership and control structure, and aggregates them into different groups of program services accordingly.⁸⁶

We use two alternative assumptions about Liberty Media Group ("Liberty"). In section B.1, we assume that AT&T and Liberty are completely separate entities, while section B.2 assumes that AT&T fully owns and controls Liberty. Section B.3 describes how the AT&T-MediaOne merger changes the ownership/control structure (with respect to both sections B.1 and B.2). Throughout, we assume proportional control (i.e., the degree of control that owners can exercise over management is equal to their ownership interest in the firm), with some significant exceptions that are discussed below. For some program service groups, we also

⁸⁶ We use the following data sources:

Paul Kagan Associates, *Cable TV Advertising*, "Cable Network Ownership", June 21, 1999.

Paul Kagan Associates, *Cable Program Investor*, April 13, 1999, p. 8.

Paul Kagan Associates, *Pay TV Newsletter*, May 31, 1999, p. 2.

Paul Kagan Associates, *Pay TV Newsletter*, February 28, 1999, p. 7.

Information provided by MediaOne.

Information provided by Liberty Media Group.

Time Warner Entertainment 1998 10K.

present an alternative case in which we assume that MediaOne's interest in Time Warner Entertainment becomes silent after the merger.

B.1 Liberty is a Separate Entity

In this section, we assume that AT&T and Liberty are separate entities. We thus distinguish between the programming interests of AT&T and the programming interests of Liberty. The various program services are grouped as follows:

The A&E Group ("A&E"):

Services: A&E, History

Revenues: \$495,500,000

Owners: NBC 25%, Disney 37.5%, Hearst 37.5%

Control: NBC 25%, Disney 37.5%, Hearst 37.5%

The BET Group ("BET"):

Services: BET, BET on Jazz

Revenues: \$158,900,000

Owners: Liberty 35%, Robert Johnson 63%, Debra Lee 2%

Control: Liberty 35%, Robert Johnson 63%, Debra Lee 2%

The CBS Group ("CBS"):

Services: CMT, TNN

Revenues: \$429,400,000

Owners: CBS 100%

Control: CBS 100%

CNBC ("CNBC"):

Revenues: \$260,000,000

Owners: NBC 100%

Control: NBC 100%

Comedy Central ("COM"):

Revenues: \$197,000,000

*Owners:*⁸⁷ Liberty 3.3516%, MediaOne 12.76%, Other Time Warner
Shareholders ("Time Warner") 33.8884%, Viacom 50%

Control: MediaOne 12.76%, Time Warner 37.24%, Viacom 50%

*Control2:*⁸⁸ Time Warner 50%, Viacom 50%

Court TV ("CourtTV"):

Revenues: \$54,300,000

*Owners:*⁸⁹ Liberty 53.3516%, MediaOne 12.76%, Time Warner 33.8884%

Control: Liberty 50%, MediaOne 12.76%, Time Warner 37.24%

*Control2:*⁹⁰ Liberty 50%, Time Warner 50%

⁸⁷ Time Warner Entertainment owns 50% of Comedy Central. Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

⁸⁸ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

⁸⁹ Time Warner Entertainment owns 50% of Court TV. Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

⁹⁰ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

The Discovery Group ("Disc"):

Services: Discovery, TLC, Animal Planet, Discovery People, Travel.

Revenues: \$624,200,000

Owners: Liberty 49%, Cox 24.5%, Newhouse 24.5%, Hendricks 2%

Control: Liberty 49%, Cox 24.5%, Newhouse 24.5%, Hendricks 2%

The Disney Channel ("Disney"):

Revenues: \$578,000,000

Owners: Disney 100%

Control: Disney 100%

The E! Group ("E!"):

Services: E!, style.

Revenues: \$124,500,000

Owners: MediaOne 10.4%, Liberty 10.0%, Comcast 79.6%

Control: MediaOne 10.4%, Liberty 10.0%, Comcast 79.6%

Encore+Starz! ("Enc+Stz!"):

Revenues: \$532,000,000

Owners: Liberty 100%

Control: Liberty 100%

The ESPN Group ("ESPN"):

Services: ESPN, ESPN2, ESPNNews, Classic Sports.

Revenues: \$1,481,000,000

Owners: Disney 80%, Hearst 20%

Control: Disney 80%, Hearst 20%

FiT TV ("FitTV"):

Revenues: \$4,600,000

*Owners:*⁹¹ News Corp. 82.8%, Liberty 7.2%, Body by Jake 10%

Control: News Corp. 90%, Body by Jake 10%

Food Network ("Food"):

Revenues: \$36,100,000

*Owners:*⁹² MediaOne 5.5%, E. W. Scripps 58.734%, Tribune 28.934%, PCI 4.933%, Time Warner .84903%, Liberty .08397%, Cox .733%, C-Tec .233%

Control: MediaOne 5.5%, E. W. Scripps 58.734%, Tribune 28.934%, PCI 4.933%, Time Warner .933%, Cox .733%, C-Tec .233%

⁹¹ News Corp. owns 90% of FiT. Liberty has an 8% silent financial interest in News Corp.

⁹² Time Warner owns 1% of Food. Liberty has a 9% silent financial interest in Time Warner.

The Fox Family Group ("FoxFam"):

Services: Fox Family

Revenues: \$319,500,000

*Owners:*⁹³ News Corp. 45.54%, Liberty 3.96%, Saben 49.5%, Allen & Co. 1%

Control: News Corp. 49.5%, Saben 49.5%, Allen & Co. 1%

Fox Sports New England ("SCNE"):

Revenues: \$22,859,000

*Owners:*⁹⁴ MediaOne 50%, News Corp. 46%, Liberty 4%

Control: MediaOne 50%, News Corp. 50%

Gameshow ("Game"):

Revenues: \$21,600,000

Owners: Sony 100%

Control: Sony 100%

Golf ("Golf"):

Revenues: \$62,300,000

*Owners:*⁹⁵ Comcast 42%, News Corp 30.36%, Liberty 2.64%, Other Golf Owners
25%

Control: Comcast 42%, News Corp 33%, Other Golf Owners 25%

⁹³ News Corp. owns 49.5% of Fox Family. Liberty has an 8% silent financial interest in News Corp.

⁹⁴ News Corp. owns 50% of Fox Sports New England. Liberty has an 8% silent financial interest in News Corp.

⁹⁵ News Corp. owns 33% of Golf. Liberty has an 8% silent financial interest in News Corp.

Goodlife TV ("Goodlife"):

Revenues: \$5,200,000

Owners: Concept Communications 71%, Other Goodlife Owners 29%

Control: Concept Communications 71%, Other Goodlife Owners 29%

HGTV ("HGTV"):

Revenues: \$78,600,000

Owners: E. W. Scripps 100%

Control: E. W. Scripps 100%

Knowledge ("Know"):

Revenues: \$22,500,000

Owners: Jones Education Network 51%, Jones Intercable 38%, Glenn R.
Jones 11%

Control: Jones Education Network 51%, Jones Intercable 38%, Glenn R.
Jones 11%

Lifetime ("Life"):

Revenues: \$468,200,000

Owners: Disney 50%, Hearst 50%

Control: Disney 50%, Hearst 50%

MSNBC ("MSNBC"):

Revenues: \$89,900,000

Owners: Microsoft 50%, NBC 50%

Control: Microsoft 50%, NBC 50%

Music Choice ("MC"):

Revenues: \$18,107,500

*Owners:*⁹⁶ MediaOne 11.783459875%, Cox 14.17125%, Jerold 19.05125%,
Sony 12.51125%, EMI 12.51125%, Time Warner 18.78152651375%,
Liberty 1.85751361125%, Adelphia 3.56125%, Comcast 5.77125%

Control: MediaOne 11.783459875%, Cox 14.17125%, Jerold 19.05125%,
Sony 12.51125%, EMI 12.51125%, Time Warner 20.639040125%,
Adelphia 3.56125%, Comcast 5.77125%

*Control2:*⁹⁷ MediaOne 9%, Cox 14.17125%, Jerold 19.05125%, Sony 12.51125%,
EMI 12.51125%, Time Warner 23.4225%, Adelphia 3.56125%,
Comcast 5.77125%

New England Cable News ("NECN"):

Revenues: \$14,182,938

Owners: MediaOne 50%, Hearst 50%

Control: MediaOne 50%, Hearst 50%

⁹⁶ Time Warner Entertainment owns 11.01% of Music Choice. Time Warner Entertainment is owned by MediaOne (25.51%) and Time Warner (74.49%). Warner Music owns 12.61% of Music Choice. Warner Music is fully owned by Time Warner. Liberty has a 9% silent financial interest in Time Warner.

⁹⁷ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

The News Corp. Group ("NewsC"):

Services: Fox News, Fox Sportsnet, FX

Revenues: \$448,200,000

*Owners:*⁹⁸ News Corp. 92%, Liberty 8%

Control: News Corp. 100%

Odyssey ("Odyssey"):

Revenues: \$21,500,000

Owners: Liberty 33%, Hallmark 22.33%, Jim Henson 22.33%, VISN 22.34%

Control: Liberty 33%, Hallmark 22.33%, Jim Henson 22.33%, VISN 22.34%

Outdoor Life ("OL"):

Revenues: \$22,700,000

*Owners:*⁹⁹ MediaOne 15.43%, Cox 32.96%, News Corp. 30.3232%, Liberty 2.6368%, Comcast 16.82%, Roger Werner 1.83%

Control: MediaOne 15.43%, Cox 32.96%, News Corp. 32.96%, Comcast 16.82%, Roger Werner 1.83%

⁹⁸ News Corp. owns 100% of the NewsC Group. Liberty has an 8% silent financial interest in News Corp.

⁹⁹ News Corp. owns 32.96% of Outdoor Life. Liberty has an 8% silent financial interest in News Corp.

The Playboy Group ("Playboy"):

Services: Playboy, AdultVision

Revenues: \$63,000,000

Owners: Playboy 100%

Control: Playboy 100%

The Rainbow Group ("Rainbow"):

Services: AMC, Bravo, Romance Classics, The Independent Film Channel.

Revenues: \$250,100,000

*Owners:*¹⁰⁰ AT&T 24.75%, NBC 25%, other Cablevision shareholders ("CV")
50.25%.

Control: NBC 25%, CV 75%

Speedvision ("Speed"):

Revenues: \$24,300,000

*Owners:*¹⁰¹ MediaOne 13.3%, Cox 32.68%, News Corp. 30.0656%, Liberty
2.6144%, Comcast 14.83%, Daniels Properties 3.81%, Roger Werner
2.7%

Control: MediaOne 13.3%, Cox 32.68%, News Corp. 32.68%, Comcast
14.83%, Daniels Properties 3.81%, Roger Werner 2.7%

¹⁰⁰ Cablevision owns 75% of the Rainbow Group. AT&T has a 33% ownership interest in Cablevision. AT&T has an 8.9% voting interest in Cablevision, but the board of directors is largely controlled by members of the Dolan family and thus, AT&T's interest is treated as silent.

¹⁰¹ News Corp. owns 32.68% of Speedvision. Liberty has an 8% silent financial interest in News Corp.

The Time Warner Entertainment Group ("TWE"):

Services: HBO+Cinemax, WB Network.

Revenues: \$2,107,000,000

*Owners:*¹⁰² Liberty 6.7041%, MediaOne 25.51%, Time Warner 67.7859%

Control: MediaOne 25.51%, Time Warner 74.49%

*Control2:*¹⁰³ Time Warner 100%

The Turner Group ("Turner"):

Services: CNN+HN, CNN/FN, CNN/SI, TCM, Cartoon, TNT, TBS.

Revenues: \$2,406,200,000

*Owners:*¹⁰⁴ Liberty 9%, Time Warner 91%

Control: TW 100%

TV Guide Channel ("TVGuide"):

Revenues: \$58,300,000

*Owners:*¹⁰⁵ Liberty 48.48%, News Corp. 51.52%

Control: Liberty 44%, News Corp. 56%

¹⁰² The TWE Group is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

¹⁰³ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

¹⁰⁴ Time Warner owns 100% of the Turner Group. Liberty has a 9% silent financial interest in Time Warner.

¹⁰⁵ News Corp. owns 56% of the TV Guide Channel. Liberty has an 8% silent financial interest in News Corp.

The USA Networks Group ("USA+SF"):

Services: USA Network, Sci-Fi

Revenues: \$870,800,000

*Owners:*¹⁰⁶ Liberty 21.67%, Seagram 44.665%, Other USA Owners 33.665%

Control: Liberty 21.67%, Seagram 44.665%, Other USA Owners 33.665%

Viewer's Choice ("VC"):

Revenues: \$190,403,000

*Owners:*¹⁰⁷ MediaOne 19.612483%, Liberty 35.56447653%, Comcast 11.12%,
Cox 11.11%, Time Warner 22.59304047%

Control: MediaOne 19.612483%, Liberty 33.33%, Comcast 11.12%, Cox
11.11%, Time Warner 24.827517%

*Control2:*¹⁰⁸ MediaOne 11.11%, Liberty 33.33%, Comcast 11.12%, Cox 11.11%,
Time Warner 33.33%

The Viacom Group ("Viacom"):

Services: VH-1, TV Land, Nickelodeon, MTV, Showtime + TMC, The BOX

Revenues: \$2,236,900,000

Owners: Viacom 100%

Control: Viacom 100%

¹⁰⁶ Liberty's share is 21.67% per Willkie Farr & Gallagher.

¹⁰⁷ Time Warner Entertainment owns 33.33% of Viewer's Choice. Time Warner Entertainment is owned by MediaOne (25.51%) and Time Warner (74.49%). Liberty has a 9% silent financial interest in Time Warner.

¹⁰⁸ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

Weather ("Weather"):

Revenues: \$163,700,000

Owners: Landmark Communications 100%

Control: Landmark Communications 100%

B.2 AT&T Fully Owns and Controls Liberty

This case is identical to the video program service ownership shares outlined in section B.1, except that any ownership or control share previously attributable to Liberty is now attributed to AT&T. In the event that AT&T and Liberty are both owners of a program service, the combined share is simply the sum of the individual shares.

B.3 AT&T-MediaOne Post-Merger

After the merger, AT&T and MediaOne's ownership and control shares, outlined in sections B.1 and B.2, are summed to find combined shares for the newly formed company. In one of the scenarios considered in our report, post-merger assumptions about control remain the same as pre-merger assumptions. In this case, the post-merger control shares of AT&T-MediaOne are determined by summing their pre-merger control shares as given under "*Control*." In the other scenario, we assume that MediaOne's interest in TWE becomes silent after the merger. In this case, the post-merger control shares of AT&T-MediaOne are determined by summing the control shares given under "*Control2*." These shares are reported in section B.1 only when they differ from those given under "*Control*."

Appendix C

OWNERSHIP AND CONTROL SHARES OF MVPDS

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Ownership and Control Shares of MVPDs

In Appendix B, we identified the video program services that have the same ownership and control structure, and aggregated them into different groups of program services accordingly. This appendix identifies the ownership and control structures for the top 25 MSOs, DirecTV, EchoStar, and the systems in which AT&T and MediaOne have financial interests.¹⁰⁹

We use two alternative assumptions about Liberty Media Group ("Liberty"). In section C.1, we assume that AT&T and Liberty are completely separate entities, while section C.2 assumes that AT&T fully owns and controls Liberty. Section C.3 describes how the AT&T-MediaOne merger changes the ownership/control structure (with respect to both section C.1 and section C.2). Throughout, we assume proportional control (i.e., the degree of control that owners can exercise over management is equal to their ownership interest in the firm), with some significant exceptions that are footnoted. For some cable systems, we also present an alternative case in which we assume that MediaOne's interest in Time Warner Entertainment becomes silent after the merger.

¹⁰⁹ We use the following data sources:

Applications and Public Interest Statement, *In the Matter of Applications for Consent to the Transfer of Control of Licenses MediaOne Group, Inc., to AT&T Corp.*, July 7, 1999.

Higgins, John M., "Top MSOs own 90% of subs," *Broadcasting & Cable*, May 24, 1999, pp. 34-44.

Paul Kagan Associates, *DBS Report*, August 10, 1999, p. 3.

Time Warner Entertainment 10K.

Jones Intercable 10K.

C.1 Liberty is a Separate Entity

In this section, we assume that AT&T and Liberty are separate entities. We thus distinguish between the cable system interests of AT&T and the cable system interests of Liberty. The various cable systems are grouped as follows:

Alabama T.V. Cable Inc. ("Alabama"):

Subscribers: 27,000

Owners: AT&T 86.67%, William J. McDonald 6.67%, Locust Mountain Part II
6.66%

Control: AT&T 86.67%, William J. McDonald 6.67%, Locust Mountain Part II
6.66%

Adelphia ("Adelphia"):

Subscribers: 4,474,000

Owners: Adelphia 100%

Control: Adelphia 100%

American Cable TV Investors 5, Ltd. ("AC"):

Subscribers: 20,000

Owners: AT&T 1%, Other AC Owners 99%

Control: AT&T 1%, Other AC Owners 99%

Ameritech ("Ameritech"):

Subscribers: 200,000

Owners: Ameritech 100%

Control: Ameritech 100%

Armstrong ("Armstrong"):

Subscribers: 203,627

Owners: Armstrong 100%

Control: Armstrong 100%

AT&T Owned & Operated Systems ("AT&T"):

Subscribers: 10,670,000

*Subs2:*¹¹⁰ 9,935,000

Owners: AT&T 100%

Control: AT&T 100%

Bresnan Communications Co. Ltd. Partnership ("Bresnan"):

Subscribers: 640,000

Owners: AT&T 50%, Blackstone Entities 39.4%, BCI 9.6%, William J. Bresnan
1%

Control: AT&T 50%, Blackstone Entities 39.4%, BCI 9.6%, William J. Bresnan
1%

¹¹⁰ AT&T sells 735,000 subscribers to Comcast after the merger.

Cable One ("CableOne"):

Subscribers: 735,000

Owners: Cable One 100%

Control: Cable One 100%

Cablevision Associates of Gary Joint Venture ("CAGJV"):

Subscribers: 18,000

Owners: AT&T 90%, Zarin Libauer Cablevision 10%

Control: AT&T 90%, Zarin Libauer Cablevision 10%

Cablevision Systems Corporation ("Cablevision"):

Subscribers: 3,419,000

*Owners:*¹¹¹ AT&T 33%, Cablevision 67%

Control: Cablevision 100%

¹¹¹ AT&T has a 33% ownership interest in Cablevision. AT&T has an 8.9% voting interest in Cablevision, but the board of directors is largely controlled by members of the Dolan family; thus, AT&T's interest is treated as silent.

CAT Partnership ("CAT"):

Subscribers: 39,000

*Owners:*¹¹² AT&T 33.333%, KBL Communications 16.667%, Comcast 33.333%,
Time Warner 11.297875953%, Liberty 1.117372347%, MediaOne
4.2517517%

Control: AT&T 33.333%, KBL Communications 16.667%, Comcast 33.333%,
Time Warner 12.4152483%, MediaOne 4.2517517%

*Control2:*¹¹³ AT&T 33.333%, KBL Communications 16.667%, Comcast 33.333%,
Time Warner 16.667%

Charter ("Charter"):

Subscribers: 3,900,000

Owners: Charter 100%

Control: Charter 100%

Classic ("Classic"):

Subscribers: 360,000

Owners: Classic 100%

Control: Classic 100%

¹¹² Time Warner Entertainment owns 16.667% of CAT. Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

¹¹³ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

Comcast ("Comcast"):

Subscribers: 5,351,600

*Subs2:*¹¹⁴ 6,086,600

Owners: Comcast 100%

Control: Comcast 100%

Cox ("Cox"):

Subscribers: 5,140,000

Owners: Cox 100%

Control: Cox 100%

DirectTV ("DirectTV"):

Subscribers: 7,424,000

Owners: DirectTV 100%

Control: DirectTV 100%

District Cablevision Limited Partnership ("District"):

Subscribers: 110,000

Owners: AT&T 75%, District Cablevision 25%

Control: AT&T 75%, District Cablevision 25%

¹¹⁴ Comcast purchases 735,000 subscribers from AT&T after the merger.

EchoStar ("EchoStar"):

Subscribers: 2,492,000

Owners: EchoStar 100%

Control: EchoStar 100%

Falcon Communications, L.P. ("Falcon"):

Subscribers: 995,000

Owners: AT&T 45.9474%, Falcon 54.0526%

Control: AT&T 45.9474%, Falcon 54.0526%

Fanch ("Fanch"):

Subscribers: 503,000

Owners: Fanch 100%

Control: Fanch 100%

Galaxy ("Galaxy"):

Subscribers: 170,000

Owners: Galaxy 100%

Control: Galaxy 100%

Insight ("Insight"):

Subscribers: 726,612

Owners: Insight 100%

Control: Insight 100%

Insight Communications of Indiana, LLC ("InsightIN"):

Subscribers: 319,000

Owners: AT&T 50%, Insight Communications 50%

Control: AT&T 50%, Insight Communications 50%

InterMedia Capital Partners IV, L.P. ("InterMediaCP"):

Subscribers: 595,000

Owners: AT&T 44.58%, Institutional InterMedia Investors 48.933%, InterMedia
2.701%, Other InterMedia Owners 3.786%

Control: AT&T 44.58%, Other InterMedia Investors 48.933%, InterMedia
2.701%, Other InterMedia Owners 3.786%

InterMedia Capital Partners VI, L.P. ("InterMediaCP2"):

Subscribers: 424,000

Owners: AT&T 49.005%, InterMedia 1%, Leo J. Hindery .495%, Blackstone
49.5%

Control: AT&T 49.005%, InterMedia 1%, Leo J. Hindery .495%, Blackstone
49.5%

InterMedia Partners ("InterMediaP"):

Subscribers: 141,000

Owners: AT&T 97.981%, InterMedia 2.019%

Control: AT&T 97.981%, InterMedia 2.019%

Jones ("Jones"):

Subscribers: 1,007,000

Owners: Jones 63%, Comcast 37%

Control: Jones 53%, Comcast 47%

Kansas City Cable Partners ("Kansas"):

Subscribers: 307,000

*Owners:*¹¹⁵ AT&T 50%, Liberty 3.35205%, MediaOne 12.755%, Time Warner
33.89295%

Control: AT&T 50%, MediaOne 12.755%, Time Warner 37.245%

*Control:*¹¹⁶ AT&T 50%, Time Warner 50%

The Lenfest Group ("Lenfest"):

Systems: Lenfest Communications, Inc., Clearview Partners, Garden State
Cable TV, Raystay Co., Susquehanna

Subscribers: 1,466,000

Owners: AT&T 50%, Lenfest 50%

Control: AT&T 50%, Lenfest 50%

¹¹⁵ Time Warner Entertainment owns 50% of Kansas City Cable. Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

¹¹⁶ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

Mediacom ("Mediacom"):

Subscribers: 725,000

Owners: Mediacom 100%

Control: Mediacom 100%

MediaOne ("MediaOne"):

Subscribers: 4,970,000

Owners: MediaOne 100%

Control: MediaOne 100%

Mile Hi Cable Partners, L.P. ("MileHi"):

Subscribers: 113,000

Owners: AT&T 78%, P&B Johnson Corp. 21%, Daniels Communications 1%

Control: AT&T 78%, P&B Johnson Corp. 21%, Daniels Communications 1%

Multimedia ("Multimedia"):

Subscribers: 515,506

Owners: Multimedia 100%

Control: Multimedia 100%

Northland ("Northland"):

Subscribers: 271,744

Owners: Northland 100%

Control: Northland 100%

Parnassos Communications, L.P. ("Parnassos"):

Subscribers: 475,000

Owners: AT&T 33.33%, Adelphia 66.57%, Montgomery Cablevision, Inc. .1%

Control: AT&T 33.33%, Adelphia 66.57%, Montgomery Cablevision, Inc. .1%

Peak Cablevision, LLC ("Peak"):

Subscribers: 113,000

Owners: AT&T 66.667%, Fisher Communications 33.333%

Control: AT&T 66.667%, Fisher Communications 33.333%

Prime Cable ("Prime"):

Subscribers: 546,000

Owners: Prime Cable 100%

Control: Prime Cable 100%

RCN Corp. ("RCN"):

Subscribers: 269,421

Owners: RCN 60%, Level 3 Communications 40%

Control: RCN 60%, Level 3 Communications 40%

Service Electric ("SE"):

Subscribers: 293,500

Owners: Service Electric 100%

Control: Service Electric 100%

South Chicago Cable, Inc. ("Chicago"):

Subscribers: 220,000

Owners: AT&T 90%, Other South Chicago Owners 10%

Control: AT&T 90%, Other South Chicago Owners 10%

Sioux Falls ("Sioux"):

Subscribers: 65,000

Owners: AT&T 50%, Midco 50%

Control: AT&T 50%, Midco 50%

TCA Cable Partners II ("TCA"):

Subscribers: 308,000

Owners: AT&T 20%, TCA Holdings 80%

Control: AT&T 20%, TCA Holdings 80%

Tele-Communications of South Suburbia, Inc. ("Suburbia"):

Subscribers: 8,000

Owners: AT&T 80%, John L. Cifelli 20%

Control: AT&T 80%, John L. Cifelli 20%

Texas Cable Partners, L.P. ("Texas"):

Subscribers: 1,109,000

*Owners:*¹¹⁷ AT&T 50%, Liberty 2.2576284%, MediaOne 8.26524%, Time Warner 22.8271316%, Advance/Newhouse 16.65%

Control: AT&T 50%, MediaOne 8.26524%, Time Warner 25.08476%, Advance/Newhouse 16.65%

*Control2:*¹¹⁸ AT&T 50%, Time Warner 33.35%, Advance/Newhouse 16.65%

Time Warner Entertainment ("TWE"):

Subscribers: 4,193,000

*Owners:*¹¹⁹ Liberty 6.7041%, MediaOne 25.51%, Time Warner 67.7859%

Control: MediaOne 25.51%, Time Warner 74.49%

*Control2:*¹²⁰ Time Warner 100%

¹¹⁷ Texas Cable Partners is 50% owned by TWE-AN. TWE-AN is owned by Time Warner Entertainment (64.8%), Advance/Newhouse (33.3%), and Time Warner (1.9%). Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

¹¹⁸ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

¹¹⁹ The TWE Group is owned by Time Warner (74.49%) and MediaOne (25.51%). Liberty has a 9% silent financial interest in Time Warner.

¹²⁰ MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

The Time Warner Entertainment-Advance/Newhouse Group ("TWE-AN"):

Subscribers: 5,191,000

*Owners:*¹²¹ Liberty 4.5152568%, MediaOne 16.53048%, Time Warner
45.6542632%, Advance/Newhouse 33.3%

Control: MediaOne 16.53048%, Time Warner 50.16952%, Advance/Newhouse
33.3%

*Control2:*¹²² Time Warner 66.7%, Advance/Newhouse 33.3%

TWI Cable Incorporated ("TWI"):

Subscribers: 1,800,000

*Owners:*¹²³ Time Warner 91%, Liberty 9%

Control: Time Warner 100%

United Cable Television of Baltimore Limited Partnership ("United"):

Subscribers: 110,000

Owners: AT&T 83.878%, Universal Telecom 3.087%, Clarence Elder and
Family 13.125%

Control: AT&T 83.878%, Universal Telecom 3.087%, Clarence Elder and
Family 13.125%

¹²¹ Time Warner Entertainment owns 64.8% of the TWE cable systems group. Time Warner Entertainment is owned by Time Warner (74.49%) and MediaOne (25.51%). Time Warner owns 1.9% of the TWE cable systems group directly. Liberty has a 9% silent financial interest in Time Warner.

¹²² MediaOne's ownership interest in Time Warner Entertainment is assumed to be silent post-merger in this control scenario.

¹²³ TWI is owned 100% by Time Warner. Liberty has a 9% silent financial interest in Time Warner.

US Cable of Coastal-Texas, L.P. ("CoastlTX"):

Subscribers: 135,000

Owners: AT&T 37.06%, US Cable 62.94%

Control: AT&T 37.06%, US Cable 62.94%

C.2 AT&T Fully Owns and Controls Liberty

This case is identical to the MSO ownership shares outlined in section C.1, except that any ownership or control share previously attributable to Liberty is now attributed to AT&T. In the event that AT&T and Liberty are both owners of a cable system, the combined share is simply the sum of the individual shares.

C.3 AT&T-MediaOne Post-Merger

After the merger, AT&T and MediaOne's ownership and control shares, outlined in sections C.1 and C.2, are summed to find combined shares for the newly formed company. In one of the scenarios considered in our report, post-merger assumptions about control remain the same as pre-merger assumptions. In this case, the post-merger control shares of AT&T-MediaOne are determined by summing their pre-merger control shares as given under "*Control*." In another scenario, we assume that MediaOne's interest in TWE becomes silent after the merger. In this case, the post-merger control shares of AT&T-MediaOne are determined by summing the control shares given under "*Control2*". (These shares are reported in section C.1 only when they differ from those given under "*Control*".) In a third scenario, we take account of the sale of AT&T subscribers to Comcast after the merger. We assume that the subscribers sold come entirely out of AT&T's owned and operated systems. In this case, the post-merger subscribers are given

under "*Subs2*". (These totals are reported in section C.1 only when they differ from those give under "*Subscribers*.")